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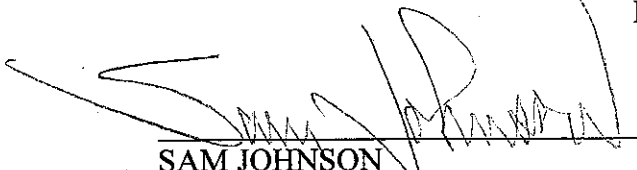
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Questions for the Record
Ways & Means Subcommittee on Oversight
March 13, 2008


SAM JOHNSON
Member of Congress

Ms. Olsen last year I asked you about a problem that I'm going to ask you about again this year – it has to do with the interaction of the Alternative Minimum Tax and Incentive Stock Options. In 2006, I worked with a bipartisan group to get some relief enacted into law so that people can get back prepaid taxes on phantom income. I understand that in the last couple of weeks some people have started to get checks from the IRS as refunds of these prepaid taxes.

The law didn't fix the entire problem for everyone and I've been working with Mr. Van Hollen on H.R.3861 to finish the job. In the last couple of weeks, the Senate has been working in a bipartisan way to address the problem – Senator Grassley just cosponsored Senator Kerry's bill. I believe that this show of bipartisanship is a good indicator that we will finish the job this year.

The problem is that the IRS is poised to evict some more people from their homes as a result of this tax nightmare, just as we are about to fix the problem. I am asking you as Taxpayer Advocate to work with IRS enforcement agents to forestall any more evictions for the rest of the year. Had there been some report language with the 2006 tax bill, when we first addressed this problem, I believe it would have directed the Service to be more humane in its approach to enforcement.

Congress is going to address this problem and it just doesn't make any sense to evict more people out of homes over this mess.

Ms Olsen and Commissioner Stiff, my other question concerns a bill I introduced H.R.5450, the MOBILE Cell Phone Act. This bill would eliminate the requirement that employees keep a detailed log sheet to account for the calls they make on the cell phone their employer gives to them for work purposes. This was a law put into place in 1989, when cell phones were the size of a shoe and the batteries for the required a suitcase to carry. Clearly time and technology have marched on and cell phones are simply an extension of the business day and place to anytime and anywhere. Cell phone contracts are often written with unlimited minutes so the employer is not even paying for specific air time.

But apparently this issue came up on audit and the IRS decided that they could play "gottcha". Rather than someone having an "aha moment" and asking whether this still made any sense for American productivity to keep call log sheets, the IRS decided to issue audit guidelines on how to enforce it. It is my understanding that tax exempt organizations and state and local governments were among the first targets of the IRS. I know that the IRS has been threatening social workers with having to pay personal income tax on the value of the cell phone service they use if they cannot produce detailed call sheet logs. Don't you think that Social workers should better spend their limited time checking in on neglected and abused kids rather than cell phone paperwork for the IRS?

I know the Office of the Assistant Secretary for tax has been trying to mitigate this mess through a regulatory project, but why didn't either someone at the IRS or someone with the Taxpayer Advocate take an ounce of common sense and ask whether it even makes sense to have this law on the books?